

U.S. Small Business Administration



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SMALL DISADVANTAGED BUSINESSES CAN SELF-CERTIFY STATUS FOR SUBCONTRACTS THROUGH SEPTEMBER 30, 1999

WASHINGTON – The U.S. Small Business Administration (SBA) announced today that qualified companies can continue to self-certify their small disadvantaged business (SDB) status while seeking subcontracting opportunities on federal projects. But effective Oct. 1, those firms must obtain formal certification from the SBA if they or the prime contractors they work with expect to get the contract evaluation credits reserved for SDBs.

“More than 6,600 firms have already obtained certification as small disadvantaged businesses,” said SBA Administrator Aida Alvarez. **“This is a good start, but we must expand the reach. A change in the way SDB status is determined has opened the doors of opportunity for many small businesses interested in pursuing federal contracts. This is a \$200 billion-per-year market that should not be overlooked.”**

Last fall, the Clinton Administration instituted a program that provides SDBs seeking prime federal procurements a price evaluation adjustment of up to 10 percent for contracts in selected industries -- those that still reflect the effects of earlier discrimination. To qualify, the SDB must receive formal certification from the SBA and be listed in the agency's on-line database, PRO-Net. The list is on the Web at <http://pro-net.sba.gov> .

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On Jan. 1, the subcontracting phase of the SDB program was activated. This, too, involves only selected industries, the same ones eligible for the price credit. Prime contractors who use small disadvantaged businesses for subcontracting can qualify for evaluation credits and monetary incentives. The regulations initially required that the SDB subcontractors be SBA-certified and appear on the PRO-Net listing, but this will not become mandatory until the new effective date of Oct. 1. Until then, SDB firms can continue the practice of self-certification.

SBA regulations adopted last year allow non-minority applicants seeking SDB status to meet a revised standard for establishing social disadvantage. Until those regulations were adopted, non-minority candidates had to prove a pattern of social disadvantage with “clear and convincing” evidence. That standard was lowered to a “preponderance” of evidence, which may result in a wider array of applicants. Left unchanged was the criteria for the remaining SDB eligibility requirement, economic disadvantage.

Additional information on SDB certification can be obtained by calling 1-800-558-0884, or by visiting the agency’s web site at **<http://www.sba.gov/sdb>**.

The SBA has conducted SDB seminars in more than 20 cities since a targeted outreach program started late last year. The agency plans to announce additional locations soon.

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The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of business loans, loan guarantees and disaster loans worth more than \$45 billion, the SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners. The SBA also plays a major role in the government’s disaster relief efforts by making low-interest recovery loans to both homeowners and businesses.

America’s 24 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation’s gross domestic product, and are the principal source of new jobs in the U.S. economy. For more information, visit our Web site at www.sba.gov.

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